

**Before the State of South Carolina  
Department of Insurance**

In the Matter of:

Liberty Life Insurance Company,  
  
2000 Wade Hampton Boulevard  
Greenville, South Carolina 29615.

SCDI File Number 2000-105026

**Consent Order  
Imposing Administrative Fine**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Liberty Life Insurance Company (Liberty Life), a South Carolina domestic insurer.

A recent market conduct examination of Liberty Life by the Department disclosed that the insurer failed to keep and maintain full and correct records of the business it transacted, including records of agent licensing and underwriting. This is a direct violation of § 38-13-120 of the South Carolina Code that can ultimately lead to the revocation or suspension of an insurer's certificate of authority to transact business in South Carolina. Moreover, the market conduct examination disclosed that Liberty Life utilized the services of a third party administrator, Chartered Benefit Services, Inc., operating in violation of § 38-51-20 of the South Carolina Code.

Rather than contesting these matters, Liberty Life and the Department have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. The consensual recommendation was that, in lieu of further administrative proceedings, Liberty Life would waive its right to a public hearing and immediately remit to the Department an administrative fine in the total amount of \$10,000.

Section 38-13-120 of the South Carolina Code requires all insurers transacting business in South Carolina to "make and keep a full and correct record of the business done by them" and to retain these records for a minimum of five years. Section 38-51-20 prohibits any person from acting as an administrator of insurance benefit plans without first being licensed to do so by the Department. Section 38-5-120 states, in pertinent part, that the Director of Insurance "shall revoke or suspend certificates of authority granted to an insurer...if he is of the opinion upon examination or other evidence that...(t)he insurer has not complied with the law or with the provisions of its charter." Alternatively, § 38-5-130 provides that in lieu of license revocation or suspension, the Director may impose a monetary penalty as provided in § 38-2-10.

After a thorough review of the record, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law, that Liberty Life has violated § 38-13-120 and utilized the services of a third party administrator operating in violation of § 38-51-20 of the South Carolina Code. Although I can now revoke the insurer's



Liberty Life Ins. Co.

certificate of authority, I hereby impose an administrative fine against Liberty Life in the total amount of \$10,000 pursuant to the authority provided to me by the South Carolina General Assembly. Liberty Life must pay this administrative fine within ten days of the date of my signature upon this consent order. If Liberty Life does not pay that total amount on or before that date, the insurer's certificate of authority will be summarily revoked without any further disciplinary proceedings.

The parties have reached this agreement in consideration of Liberty Life's full cooperation with the examination and that the insurer has implemented the necessary changes in procedures to bring it into compliance with the record keeping requirements of § 38-13-120. The Department acknowledges that Liberty Life has also taken an active role in having Chartered Benefit Services, Inc. obtain the appropriate license. Therefore, the parties expressly agree and understand payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

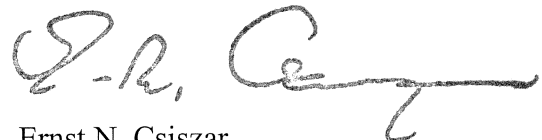
By the signature of one of its officers or authorized representative upon this consent order, Liberty Life acknowledges this administrative order as a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2000).

Nothing contained within this administrative order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement officer or judicial officer. Nothing contained within this administrative order should be construed to limit the statutory duty, of the Director of Insurance, exercised either directly or through the Department of Insurance, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report." S.C. Code Ann. § 38-3-110 (Supp. 2000).


Therefore, I hereby order Liberty Life Insurance Company to pay through the Department an administrative fine in the total amount of \$10,000 within ten days of the date of my signature on this consent order.

It is further ordered that a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective as of the date of my signature below.



Ernst N. Csiszar  
Director

 30. MARCH, 2001, at  
Columbia, South Carolina

 Liberty Life Ins. Co.

I CONSENT:

  
Signature

ROBERT E. EVANS  
Printed Name

PRESIDENT  
Title

Liberty Life Insurance Company  
2000 Wade Hampton Boulevard  
Greenville, South Carolina 29615

Dated this 28<sup>th</sup> day of March 2001.

**RECEIVED**  
GENERAL COUNSEL

MAR 3 2001

STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE